

USDA Foreign Agricultural Service

# GAIN Report

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## Mexico

**Post:** Mexico

## Mexico Announces Changes to Support Program

### Report Categories:

Agricultural Situation

### Approved By:

Erich Kuss

### Prepared By:

Benjamin Juarez

### Report Highlights:

On April 8, 2009, Mexico's Secretariat of Agriculture, Livestock, Rural Development, Fisheries and Foodstuffs (SAGARPA) announced in the Mexican Federal Register (*Diario Oficial*) a notice which modifies the operational rules of PROCAMPO, the Mexican domestic agricultural support program, for the 2009 spring/summer to 2012 spring/summer planting seasons.

## General Information:

**Introduction:** This report summarizes the official notice from the Secretariat of Agriculture, Livestock, Rural Development, Fishery and Food modifying the operational rules of the Mexican domestic agricultural support program named PROCAMPO, published in Mexico's Federal Register (*Diario Oficial*) on April 8, 2009.

**Disclaimer:** This summary is based on a cursory review of the subject announcement and therefore should not, under any circumstances, be viewed as a definitive reading of the regulation in question, or of its implications for U.S. agricultural export trade interests. In the event of a discrepancy or discrepancies between this summary and the complete regulation or announcement as published in Spanish, the latter shall prevail.

notice that Amends and Adds Various Provisions to the Operational Rules of the Direct Supports to Countryside Program (PROCAMPO)

## Important Dates

**Publication Date:** April 8, 2009

**2. Enforcement Date:** April 9, 2009

**FAS/Mexico's Executive Summary:** The Secretariat of Agriculture, Livestock, Rural Development, Fishery and Food (SAGARPA) published in the *Diario Oficial* (Federal Register) on April 8, 2009, a notice which modifies the operational rules of PROCAMPO, the Mexican domestic agricultural support program for the 2009 to 2012 crop cycles. The new supports will be between 963 to 1,300 pesos per hectare (U.S. \$ 71.07- 95.94/ ha), depending on the number of hectares each producer has registered in the program. Additionally, SAGARPA has reduced the maximum payment limit under the program to 100,000 pesos (roughly U.S. \$7,380.00) regardless of total area under production.

**Background:** PROCAMPO was initiated in October 1993 by presidential decree. The program was created to facilitate the transition under NAFTA to more market oriented policies from the previous system of guaranteed prices. It provides direct cash payments at planting time on a per hectare basis to growers of many crops, including feed grains as well as oilseeds.

Initially, PROCAMPO was designed to be in place until the 2008-2009 fall-winter crop cycle. However, the Calderon administration decided to extend the program until 2012 with some changes. Specifically, this notice indicates that the National Development Plan for 2007-2012 considers continuing with PROCAMPO, while improving the efficiency of its operations. Moreover, the notice points out that the Program for the Development of Agriculture and Fisheries for 2007-2012 states in its objectives the generation of certainty for agricultural-food activities, which PROCAMPO helps provide.

Until now, PROCAMPO granted a flat-rate payment on the majority of crops and the GOM policy was that farmers

with production areas of between one and five hectares would receive 1,160 pesos per hectare (approximately U.S. \$85.86/ha) and 963 pesos/ha to farmers with more land (roughly U.S. \$71.07). In addition, the maximum land area supported was up to 200 hectares of non-irrigated areas (equivalent to a maximum payment limit of 232,000 pesos) and an area of 100 hectares if irrigated.

**Announcement Details:** The notice states that the supports are to be managed by ASERCA, which is SAGARPA's decentralized administrative body providing commercial support to farmers. PROCAMPO will provide support through these new rules of operation under three payment schedules:

- **ALLIANCE PAYMENT:** A payment of 1,300.00 pesos per hectare (approximately U.S. \$95.94.00/Ha) for rain-fed areas of the spring-summer crop cycle, with area eligible up to five hectares.
- **PREFERENTIAL PAYMENT:** A payment of 1,160.00 pesos per hectare (U.S. \$85.86/Ha) for rain fed areas of the spring-summer crop cycle, with eligible area greater than five hectares and up the limit for the eleven states in the table below (which range between 6 and 18 hectares).

<b>Table 1. Mexico: Maximum Area Eligible for Preferential Payment under PROCAMPO</b>	
<b>State</b>	<b>Hectares Scheduled for Advances for Eligible Property</b>
Aguascalientes	6
Baja California	18
Baja California Sur	15
Colima	7
Chihuahua	10
Durango	8
Jalisco	6
Sinaloa	10
Sonora	7
Tamaulipas	10
Zacatecas	8

Source: Data Base of PROCAMPO Directory

- **NORMAL PAYMENT:** A payment of 963.00 pesos per hectare (U.S. \$71.07/ha) up to a maximum of 100,000 pesos for the rest of the production area of the spring-summer crop cycle and for all production area of the fall-winter crop cycle.

Furthermore, new indicators were established to measure the impact of the PROCAMPO program, and are as follow:

<b>Table 2. Mexico: Indicators to Measure Impact of PROCAMPO</b>		
<b>Objective</b>	<b>Indicator</b>	<b>Frequency</b>
Farmers registered in PROCAMPO with improved income	Percentage increase in real income of PROCAMPO beneficiaries	Yearly
Direct support given to producers	Percentage of direct support given to	Quarterly

prior to planting	producers in the 08/09 fall-winter cycle	
	Percentage of direct supports given to producers in the 2009 spring-summer cycle	Quarterly
	Percentage of direct support given to producers in the 09/10 fall-winter cycle	Yearly